

2013 DRAFTING REQUEST

Bill

Received:	5/29/2013	Received By:	mgallagh
Wanted:	As time permits	Same as LRB:	-2905
For:	Chad Weininger (608) 266-5840	By/Representing:	Kristen
May Contact:		Drafter:	mgallagh
Subject:	Econ. Development - misc. Econ. Development - tax incntves	Addl. Drafters:	
		Extra Copies:	FFK

Submit via email: **YES**
 Requester's email: **Rep.Weininger@legis.wisconsin.gov**
 Carbon copy (CC) to: **michael.gallagher@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Development zone tax credit for areas experiencing mass layoffs

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P1	mgallagh 7/22/2013	evinz 7/22/2013	jfrantze 7/23/2013	_____	lparisi 7/15/2013		State
/1	fknepp 7/30/2013			_____	srose 7/23/2013		State
/2		evinz 7/30/2013	jmurphy 7/31/2013	_____	srose 7/31/2013	sbasford 8/20/2013	State

FE Sent For:

at
intro

<END>

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/P1	mgallagh 7/22/2013	evinz 7/22/2013	jfrantze 7/23/2013	_____	lparisi 7/15/2013		State
/1	fknepp 7/30/2013			_____	srose 7/23/2013		State
/2		evinz 7/30/2013	jmurphy 7/31/2013	_____	srose 7/31/2013		State

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/P1	mgallagh 7/22/2013	evinz 7/22/2013	jfrantze 7/23/2013	_____	lparisi 7/15/2013		State
/1		12 eev 7/30/13	12 eev 7/30/13	_____	srose 7/23/2013		State

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Pre Topic:

No specific pre topic given

Topic:

Development zone tax credit for areas experiencing mass layoffs ✓

Instructions:

See attached

Drafting History:

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/P1	mgallagh 7/12/2013	evinz 7/15/2013	jfrantze 7/15/2013	_____	lparisi 7/15/2013		State

FE Sent For:

1 cev
7/22/13

7/22/13
 RS
 23
 Jmr SK
 7/31
 <END>

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Bill

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Subject:	Econ. Development - misc. Econ. Development - tax incentives	Addl. Drafters:	
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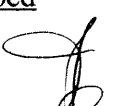
Topic:

Development zone tax credit for areas experiencing mass layoffs ✓

Instructions:

See attached

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<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P1	mgallagh	1/p1 cev 7/12/13		7/15			

FE Sent For:

<END>

Gallagher, Michael

From: Reader, Kirsten
Sent: Wednesday, May 29, 2013 11:30 AM
To: Gallagher, Michael
Subject: Development Zone Tax Credit legislation

Hi, Mike:

This is a follow-up to our conversation on the development zone tax credit we had discussed on the phone.

As discussed, we would like the legislation to allow a county to be eligible for the current development zone tax credit (the one that Racine, Beloit and Kenosha) if they have a business that lays off or lets go at least 500 individuals. We would like the trigger for this to be when the business tells DWD they will be letting at least that amount of people go.

Please let me know if there are questions.

Thanks!

Kirsten Reader
Research Assistant
Office of Representative Chad Weininger
4th Assembly District
125 West, State Capitol
608-266-5840 / Kirsten.Reader@legis.wisconsin.gov

Gallagher, Michael

From: Reader, Kirsten
Sent: Wednesday, May 29, 2013 11:46 AM
To: Gallagher, Michael
Subject: RE: Development Zone Tax Credit legislation

I forgot to mention, but could we have this be a preliminary draft?

Thank you,

Kirsten Reader
Research Assistant
Office of Representative Chad Weininger
4th Assembly District
125 West, State Capitol
608-266-5840 / Kirsten.Reader@legis.wisconsin.gov

From: Gallagher, Michael
Sent: Wednesday, May 29, 2013 11:42 AM
To: Reader, Kirsten
Subject: RE: Development Zone Tax Credit legislation

Will do.

Mike

Michael P. Gallagher
Legislative Attorney
Wisconsin Legislative Reference Bureau
1 East Main Street, Suite 200
P.O. Box 2037
Madison, WI 53701-2037
(608) 267-7511
michael.gallagher@legis.wisconsin.gov

From: Reader, Kirsten
Sent: Wednesday, May 29, 2013 11:30 AM
To: Gallagher, Michael
Subject: Development Zone Tax Credit legislation

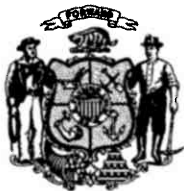
Hi, Mike:

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As discussed, we would like the legislation to allow a county to be eligible for the current development zone tax credit (the one that Racine, Beloit and Kenosha) if they have a business that lays off or lets go at least 500 individuals. We would like the trigger for this to be when the business tells DWD they will be letting at least that amount of people go.

Please let me know if there are questions.

Thanks!



In: 7/12 Needed by Tues, 7/16

State of Wisconsin
2013 - 2014 LEGISLATURE

Thanks!



LRB-2465/P1

MPG:.....

Leev

(B)

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SAJ
ref✓

- 1 **AN ACT** ^{gen cat}; relating to: development opportunity zones for areas experiencing
2 mass layoffs.

Analysis by the Legislative Reference Bureau

Current law designates certain areas in the state, usually confined to a city, as development opportunity zones. Taxpayers that conduct business or intend to conduct business in a development opportunity zone may receive certain tax credits after submitting a qualifying project plan to the Wisconsin Economic Development Corporation (WEDC).

* This bill authorizes WEDC to designate as a development opportunity zone an area in a county in this state that will experience a mass layoff. The bill defines a mass layoff as a reduction in an employer's work force that affects at least 500 employees at an employment site or within a county, not including new or low-hour employees. Under the bill, WEDC may reallocate unallocated tax credits from the existing development opportunity zones in the cities of Janesville, Kenosha, and Beloit for use in a development opportunity zone that WEDC designates in connection with a mass layoff.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 109.07 (1m) (bm) of the statutes is created to read:

2 109.07 (1m) (bm) The department shall promptly provide a copy of the notice
3 required under par. (a) to the Wisconsin Economic Development Corporation.

4 **SECTION 2.** 238.30 (7) (b) 2. of the statutes is amended to read:

5 238.30 (7) (b) 2. With respect to the development opportunity zones under s.
6 238.395 (1) (g), (h), and (i) and (6), "tax benefits" means the development zone credits
7 under ss. 71.07 (2dx), 71.28 (1dx), 71.47 (1dx), and 76.636 and the development zones
8 capital investment credit under ss. 71.07 (2dm), 71.28 (1dm), and 71.47 (1dm).

NOTE: NOTE: Subd. 2. is shown as affected by 2011 Wis. Act 32, s. 3408, and 2011 Wis. Act 37, s. 1, as merged by the legislative reference bureau under s. 13.92 (2) (i).NOTE:

History: 1987 a. 328, 411; 1991 a. 39; 1995 a. 27, 209; 1997 a. 27; 1999 a. 9; 2001 a. 16; 2005 a. 259; 2009 a. 2, 28; 2011 a. 32 ss. 3408 to 3409; Stats. 2011 s. 238.30; 2011 a. 37 s. 1; s. 13.92 (2) (i).

9 **SECTION 3.** 238.395 (3) (a) 4. of the statutes is amended to read:

10 238.395 (3) (a) 4. Any person that is conducting or that intends to conduct
11 economic activity in a development opportunity zone under sub. (1) (e), (f), (g), (h),
12 or (i) and that, in conjunction with the local governing body of the city in which the
13 development opportunity zone is located, submits a project plan as described in par.
14 (b) to the corporation, and any person to whom the corporation reallocates tax
15 benefits under sub. (6) (c) 1. for economic activity conducted in a development
16 opportunity zone designated under sub. (6) (b), shall be entitled to claim tax benefits
17 while the area is designated as a development opportunity zone.

NOTE: NOTE: Subd. 4. is shown as affected by 2011 Wis. Act 32, s. 3434, and 2011 Wis. Act 37, s. 6, and as merged by the legislative reference bureau under s. 13.92 (2) (i).NOTE:

History: 1993 a. 232; 1995 a. 2; 1995 a. 27 ss. 6936p, 6936r, 9130 (4); 1997 a. 3, 27; 1999 a. 9, 32; 2001 a. 16, 104; 2003 a. 33; 2005 a. 259; 2007 a. 20; 2009 a. 28; 2011 a. 32 s. 3434; Stats. 2011 s. 238.395; 2011 a. 37 ss. 2 to 6; s. 13.92 (1) (bm) 2., (2) (i).

18 **SECTION 4.** 238.395 (3) (b) (intro.) of the statutes is amended to read:

19 238.395 (3) (b) (intro.) A project plan under par. (a), or under sub. (6) (c) 2., shall
20 include all of the following:

History: 1993 a. 232; 1995 a. 2; 1995 a. 27 ss. 6936p, 6936r, 9130 (4); 1997 a. 3, 27; 1999 a. 9, 32; 2001 a. 16, 104; 2003 a. 33; 2005 a. 259; 2007 a. 20; 2009 a. 28; 2011 a. 32 s. 3434; Stats. 2011 s. 238.395; 2011 a. 37 ss. 2 to 6; s. 13.92 (1) (bm) 2., (2) (i).

21 **SECTION 5.** 238.395 (3) (b) 8. of the statutes is amended to read:

5 SECTION 6. 238.395 (6) of the statutes is created to read:

8 ~~force~~ that is not the result of a business closing and that affects at least 500
9 employees at an employment site or within a single county, not including new or
10 low-hour employees.

percent ****NOTE: This definition of "mass layoff" incorporates the definition under s. 109.07 (1) (f) 2. Please let me know if you also want to include an employer that lays off at least 25% of the employer's work force or 25 employees, whichever is greater (see s. 109.07 (1) (f) 1.). Also, note that the above definition excludes a business closing. Please let me know if that is not consistent with your intent.

(b) The corporation may designate as a development opportunity zone under this section an area, the legal description of which is provided to the corporation by the county board of the affected county, in a county in which an employer has given notice under s. 109.07 (1m) (a) of a mass layoff to the department of workforce development.

****NOTE: Do you want to include an additional requirement that the mass layoff actually occurs?

(c) 1. The corporation may reallocate any tax benefits not allocated under sub. (3) (a) 4. for economic activity in a development opportunity zone under sub. (1) (g), (h), and (i) to a person that qualifies for tax benefits under subd. 2. If the corporation reallocates tax benefits to a person under this subdivision, that person shall be

1 entitled to claim tax benefits under sub. (3) (a) 4. while the area is designated as a
2 development opportunity zone.

****NOTE: Do you want to include a requirement that the corporation must determine that the tax credits will not be used in the other development opportunity zone before the corporation reallocates the tax credits for qualifying economic activity in a development opportunity zone designated as a result of a mass layoff? Note that a person who qualifies for tax credits in a development opportunity zone designated under sub. (1) (g), (h), or (i) is entitled to receive those tax credits under sub. (3) (a) 4.

3 2. A person qualifies for a reallocation of tax benefits under subd. 1. if the
4 person is conducting or intends to conduct economic activity in a development
5 opportunity zone designated by the corporation under par. (b) and, in conjunction
6 with the county board of the county in which the development opportunity zone is
7 located, submits a project plan as described in sub. (3) (b) to the corporation.

****NOTE: Unlike the development opportunity zones under sub. (1) (g), (h), and (i), the above provisions only authorize WEDC to reallocate tax credits for economic activity in a development opportunity zone designated as a result of a mass layoff; the provisions do not entitle a person to tax credits or require that tax credits be awarded. Is that consistent with your intent?

8 (d) The designation of an area as a development opportunity zone under this
9 subsection may not extend beyond the period of the designation of a development
10 opportunity zone under sub. (1) (g), (h), or (i), whichever is later, including any
11 extension under sub. (2) (e).

12 (END)

Gallagher, Michael

From: Reader, Kirsten
Sent: Thursday, July 18, 2013 9:22 AM
To: Gallagher, Michael
Subject: LRB-2465/P1 changes

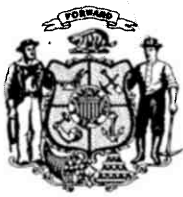
Hi, Mike:

Thanks for getting LRB-2465/P1 to me on the economic tax credits. Here are some changes we'd like to make:

- We would like to change the definition of a mass layoff to include some of the language in your note. Please change the definition to at least 25% of employer's workforce or 100 employees, whichever is greater.
- We would like to include the requirement that the mass layoff needs to actually occur.
- Before we go ahead with changes according to the notes on page 4, I'd just like to go over them with you, whenever you have a chance.

Thanks, Mike!

Kirsten Reader
Research Assistant
Office of Representative Chad Weininger
125 West, State Capitol
608-266-5840 / Kirsten.Reader@legis.wisconsin.gov



stays

11

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

regen

1 AN ACT *to amend* 238.30 (7) (b) 2., 238.395 (3) (a) 4., 238.395 (3) (b) (intro.) and
2 238.395 (3) (b) 8.; and *to create* 109.07 (1m) (bm) and 238.395 (6) of the
3 statutes; **relating to:** development opportunity zones for areas experiencing
4 mass layoffs.

Analysis by the Legislative Reference Bureau

Current law designates certain areas in the state, usually confined to a city, as development opportunity zones. Taxpayers that conduct business or intend to conduct business in a development opportunity zone may receive certain tax credits after submitting a qualifying project plan to the Wisconsin Economic Development Corporation (WEDC).

This bill authorizes WEDC to designate as a development opportunity zone an area in a county in this state that will experience a mass layoff. The bill defines a mass layoff as a reduction in an employer's workforce that affects at least 500 employees at an employment site or within a county, not including new or low-hour employees. Under the bill, WEDC may reallocate unallocated tax credits from the existing development opportunity zones in the cities of Janesville, Kenosha, and Beloit for use in a development opportunity zone that WEDC designates in connection with a mass layoff.

workforce

25 percent of the employer's
workforce or 100 employees, whichever is greater

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 109.07 (1m) (bm) of the statutes is created to read:

2 109.07 (1m) (bm) The department shall promptly provide a copy of the notice
3 required under par. (a) to the Wisconsin Economic Development Corporation.

4 **SECTION 2.** 238.30 (7) (b) 2. of the statutes is amended to read:

5 238.30 (7) (b) 2. With respect to the development opportunity zones under s.
6 238.395 (1) (g), (h), and (i) and (6), “tax benefits” means the development zone credits
7 under ss. 71.07 (2dx), 71.28 (1dx), 71.47 (1dx), and 76.636 and the development zones
8 capital investment credit under ss. 71.07 (2dm), 71.28 (1dm), and 71.47 (1dm).

9 **SECTION 3.** 238.395 (3) (a) 4. of the statutes is amended to read:

10 238.395 (3) (a) 4. Any person that is conducting or that intends to conduct
11 economic activity in a development opportunity zone under sub. (1) (e), (f), (g), (h),
12 or (i) and that, in conjunction with the local governing body of the city in which the
13 development opportunity zone is located, submits a project plan as described in par.
14 (b) to the corporation, and any person to whom the corporation reallocates tax
15 benefits under sub. (6) (c) 1. for economic activity conducted in a development
16 opportunity zone designated under sub. (6) (b), shall be entitled to claim tax benefits
17 while the area is designated as a development opportunity zone.

18 **SECTION 4.** 238.395 (3) (b) (intro.) of the statutes is amended to read:

19 238.395 (3) (b) (intro.) A project plan under par. (a), or under sub. (6) (c) 2., shall
20 include all of the following:

21 **SECTION 5.** 238.395 (3) (b) 8. of the statutes is amended to read:

25 percent of the employer's workforce or 100 employees, whichever is greater.

238.395 (3) (b) 8. A description of the commitment of the local governing body of the city in which the development opportunity zone is located, or the county board in which a development opportunity zone is located under sub. (6), to the person's project.

SECTION 6. 238.395 (6) of the statutes is created to read:

238.395 (6) DEVELOPMENT OPPORTUNITY ZONE IN A COUNTY EXPERIENCING A MASS LAYOFF. (a) In this subsection, "mass layoff" means a reduction in an employer's workforce that is not the result of a business closing and that affects at least 500 employees at an employment site or within a single county, not including new or low-hour employees ^{as defined in s. 109.07 (1) (h)}.

****NOTE: This definition of "mass layoff" incorporates the definition under s. 109.07 (1) (f) 2. Please let me know if you also want to include an employer that lays off at least 25 percent of the employer's workforce or 25 employees, whichever is greater (see s. 109.07 (1) (f) 1.). Also, note that the above definition excludes a business closing. Please let me know if that is not consistent with your intent.

(b) The corporation may designate as a development opportunity zone under this section an area, the legal description of which is provided to the corporation by the county board of the affected county, in a county in which an employer has given notice under s. 109.07 (1m) (a) of a mass layoff to the department of workforce development.

****NOTE: Do you want to include an additional requirement that the mass layoff actually occurs?

(c) 1. The corporation may reallocate any tax benefits not allocated under sub. (3) (a) 4. for economic activity in a development opportunity zone under sub. (1) (g), (h), and (i) to a person that qualifies for tax benefits under subd. 2. If the corporation reallocates tax benefits to a person under this subdivision, that person shall be entitled to claim tax benefits under sub. (3) (a) 4. while the area is designated as a development opportunity zone.

a mass layoff occurs

****NOTE: Do you want to include a requirement that the corporation must determine that the tax credits will not be used in the other development opportunity zone before the corporation reallocates the tax credits for qualifying economic activity in a development opportunity zone designated as a result of a mass layoff? Note that a person who qualifies for tax credits in a development opportunity zone designated under sub. (1) (g), (h), or (i) is entitled to receive those tax credits under sub. (3) (a) 4.

2. A person qualifies for a reallocation of tax benefits under subd. 1. if the person is conducting or intends to conduct economic activity in a development opportunity zone designated by the corporation under par. (b) and, in conjunction with the county board of the county in which the development opportunity zone is located, submits a project plan as described in sub. (3) (b) to the corporation.

****NOTE: Unlike the development opportunity zones under sub. (1) (g), (h), and (i), the above provisions only authorize WEDC to reallocate tax credits for economic activity in a development opportunity zone designated as a result of a mass layoff; the provisions do not entitle a person to tax credits or require that tax credits be awarded. Is that consistent with your intent?

(d) The designation of an area as a development opportunity zone under this subsection may not extend beyond the period of the designation of a development opportunity zone under sub. (1) (g), (h), or (i), whichever is later, including any extension under sub. (2) (e).

(END)

7-26

Telephone call from Krusen in
Weininger's office.

Weininger wants the bill to apply to
business closings & mass layoffs
see definitions in the bill &
109.07

both must affect the greater
of 25% of the workforce of 100
employees

JKK



[Scanned]
State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-2465/1

MPG:eev:jf

400K

RML

In 7-30-13

2013 BILL

regen

1 AN ACT *to amend* 238.30 (7) (b) 2., 238.395 (3) (a) 4., 238.395 (3) (b) (intro.) and
2 238.395 (3) (b) 8.; and *to create* 109.07 (1m) (bm) and 238.395 (6) of the
3 statutes; **relating to:** development opportunity zones for areas experiencing
4 mass layoffs *or business closings*

Analysis by the Legislative Reference Bureau

Current law designates certain areas in the state, usually confined to a city, as development opportunity zones. Taxpayers that conduct business or intend to conduct business in a development opportunity zone may receive certain tax credits after submitting a qualifying project plan to the Wisconsin Economic Development Corporation (WEDC).

or business closing must
This bill authorizes WEDC to designate as a development opportunity zone an area in a county in this state that experiences a mass layoff. *The bill defines a mass layoff as a reduction in an employer's workforce that affects at least 25 percent of the employer's workforce or 100 employees, whichever is greater, at an employment site or within a county, not including new or low-hour employees. Under the bill, WEDC may reallocate unallocated tax credits from the existing development opportunity zones in the cities of Janesville, Kenosha, and Beloit for use in a development opportunity zone that WEDC designates in connection with a mass layoff or business closing.*
The bill also authorizes

BILL

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

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2 109.07 (1**m**) (bm) The department shall promptly provide a copy of the notice
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6 238.395 (1) (g), (h), and (i) and (6), “tax benefits” means the development zone credits
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10 238.395 (3) (a) 4. Any person that is conducting or that intends to conduct
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12 or (i) and that, in conjunction with the local governing body of the city in which the
13 development opportunity zone is located, submits a project plan as described in par.
14 (b) to the corporation, and any person to whom the corporation reallocates tax
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16 opportunity zone designated under sub. (6) (b), shall be entitled to claim tax benefits
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19 238.395 (3) (b) (intro.) A project plan under par. (a), or under sub. (6) (c) 2., shall
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21 **SECTION 5.** 238.395 (3) (b) 8. of the statutes is amended to read:

BILL

1 238.395 (3) (b) 8. A description of the commitment of the local governing body
2 of the city in which the development opportunity zone is located, or the county board
3 of the county in which a development opportunity zone is located under sub. (6), to the person's
4 project.

5 SECTION 6. 238.395 (6) of the statutes is created to read:

Ins. 3-6
7 238.395 (6) DEVELOPMENT OPPORTUNITY ZONE IN A COUNTY EXPERIENCING A MASS
8 LAYOFF. (a) In this subsection, ~~“mass layoff”~~ ^{OR BUSINESS CLOSING} means a reduction in an employer's
9 workforce that is not the result of a business closing and that affects at least 25
10 percent of the employer's workforce or 100 employees, whichever is greater, at an
11 employment site or within a single county, not including new or low-hour employees,
12 as defined in s. 109.07 (1) (h).

13 (b) The corporation may designate as a development opportunity zone under
14 this section an area, the legal description of which is provided to the corporation by
15 the county board of the affected county, in a county in which a mass layoff ^{or business} occurs. ^{closing}

16 (c) 1. The corporation may reallocate any tax benefits not allocated under sub.
17 (3) (a) 4. for economic activity in a development opportunity zone under sub. (1) (g),
18 (h), and (i) to a person that qualifies for tax benefits under subd. 2. If the corporation
19 reallocates tax benefits to a person under this subdivision, that person shall be
20 entitled to claim tax benefits under sub. (3) (a) 4. while the area is designated as a
21 development opportunity zone.

22 2. A person qualifies for a reallocation of tax benefits under subd. 1. if the
23 person is conducting or intends to conduct economic activity in a development
24 opportunity zone designated by the corporation under par. (b) and, in conjunction
25 with the county board of the county in which the development opportunity zone is
located, submits a project plan as described in sub. (3) (b) to the corporation.

BILL

SECTION 6

(d) The designation of an area as a development opportunity zone under this subsection may not extend beyond the period of the designation of a development opportunity zone under sub. (1) (g), (h), or (i), whichever is later, including any extension under sub. (2) (e).

5 (END)

**2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2465/2ins
FFK:.....

INS 3-7

1 1. "Business closing" means a permanent or temporary shutdown of an
2 employment site or of one or more facilities or operating units at an employment site
3 or within a single county that affects at least 25 percent of the employer's workforce
4 or 100 employees, whichever is greater, not including new or low-hour employees as
5 defined in s. 109.07 (1) (h).

END INS 3-7

Basford, Sarah

From: Reader, Kirsten
Sent: Tuesday, August 20, 2013 11:55 AM
To: LRB.Legal
Subject: Draft Review: LRB -2465/2 Topic: Development zone tax credit for areas experiencing mass layoffs

Please Jacket LRB -2465/2 for the ASSEMBLY.